



June 22, 2011

Seena Carrington, Acting Commissioner
Massachusetts Division of Health Care Finance and Policy
Two Boylston Street, 5th Floor
Boston, MA 02216

RE: Responses to Supplemental Questions

Dear Acting Commissioner Carrington:

On behalf of Blue Cross and Blue Shield of Massachusetts (BCBSMA), we are pleased to provide the following responses to the Division of Health Care Finance and Policy (the Division) in response to the Attorney General's supplemental questions posed in an email from Thomas O'Brien, Esq., dated June 20, 2011.

Following are detailed responses to the Attorney General's questions.

I affirm that the facts contained in the following response are true to the best of my knowledge. This document is signed under the penalties of perjury. I have relied on others in the company for information on matters not within my personal knowledge and believe that facts stated with respect to such matters are true.

Sincerely,

Patrick Gilligan
Senior Vice President for Health Care Services

- 1) Please explain and submit a summary table showing the range of your aggregate health status adjusted relative commercial prices or payments from 2009-2010 for each acute care hospital and large physician group in Massachusetts (i.e., physicians who contract through a PHO, IPA, multi-specialty group, or other group arrangement). If the aggregate health status adjusted relative commercial prices or payments from 2009-2010 that you submitted to the Office of the Attorney General differ from the information provided to the Division of Health Care Finance and Policy, please explain the differences and why such differences exist.
- 4) Please explain and submit a summary table showing the range of health status-adjusted fully-loaded total medical expenses you paid on a per member per month basis from 2009-2010 for each Massachusetts provider in your network who contracts through a PHO, IPA, multi-specialty group, or other group arrangement, with each provider identified by whether it was paid based on a negotiated per member per month amount against which all allowed claims costs are settled for the purposes of determining the amount of withhold returned, surplus paid, and/or deficit charged to a provider. "Fully-loaded" means inclusive of all administrative, medical management, and other supplemental payments, including but not limited to bonuses, grants, infrastructure funding, and reinsurance recoveries. If the health status-adjusted fully-loaded total medical expenses you paid on a per member per month basis from 2009-2010 that you submitted to the Office of the Attorney General differ from the information provided to the Division of Health Care Finance and Policy, please explain the differences and why such differences exist.

BCBSMA Response:

The data and charts submitted to the Division of Health Care Finance and Policy (DHCFP) necessarily differ from information produced previously to the Attorney General's Office (AGO) pursuant to Civil Investigative Demand 2010-HCD-018 (CID) for numerous reasons. In its CID responses to the AGO, BCBSMA supplied internal summaries of TME and Relative Prices, including the summary tables requested above, that were prepared before the DHCFP data specifications and required methodology were finalized. These specifications modified the assumptions used in the BCBSMA responses to the CID. Among other items, the main differences include:

- We, along with other health plans operating in Massachusetts, were required to produce TME data pursuant to the DHCFP's detailed specifications for Massachusetts-residents only, not our entire book of business;
- We, along with other health plans operating in Massachusetts, were required to produce TME data pursuant to the DHCFP's detailed specifications that did not include coordination of benefit claims and direct-to-member benefits such as smoking cessation and weight loss;
- We, along with other health plans operating in Massachusetts, were required to produce Relative Prices data pursuant to the DHCFP's detailed specifications on a calendar year basis rather than a fiscal year; and
- We, along with other health plans operating in Massachusetts, were required to produce Relative Prices data pursuant to the DHCFP's detailed specifications that did not include coordination of benefit claims.

Since Massachusetts health plans and providers, including BCBSMA, were following detailed and consistent specifications and methodologies when they presented their most recent responses to DHCFP, we would highly caution against any comparison to data produced in response to the CIDs from the AGO. While the data was an accurate reflection of what was requested from BCBSMA and the other health plans, it reflected the internal accounting and reporting practices of each company. The results produced by each state agency will differ due to the set parameters and methodologies used by DHCFP and the AGO in their analyses. Accordingly, undue analytical confusion will occur if the differing data is used since an “apples to apples” comparison is not possible.

Since the Division's specifications and methodologies are publicly posted, and results are publicly reported on the Division's website (as required under Chapter 288 of the Acts of 2010), BCBSMA respectfully states that the Division of Health Care Finance and Policy's TME and Relative Prices information provides the best and most consistent across health plans dataset for the public domain.